

# ThinkAdvisor

## Cato Scholar Makes Case for Means-Testing Social Security

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Romina Boccia, director of budget and entitlement policy at the Cato Institute, is deeply interested in the health and operation of the Social Security system, such that much of her professional work has involved analyzing the federal program and advocating for reforms.

Having joined the market-oriented Cato Institute in August, Boccia previously served a 10-year stint at the Heritage Foundation. In her current and former roles, Boccia has published dozens of blog posts, policy papers and in-depth analyzes of the health of Social Security.

It is from this background that she suggests that universal Social Security benefits might not be sustainable and argues that the program has been stretched far beyond its intended purpose. Left-leaning policy wonks, including Gary Burtless of the Brookings Institution, warn that means-testing Social Security benefits could have unintended consequences. But there are a few policy changes that could find support across the political spectrum, the two scholars say.

Boccia's advocacy focuses both on criticizing what she considers to be wasteful, ill-targeted federal spending policies and on forwarding practical suggestions for improving — at least in her view — the fairness and efficiency of the Social Security system.

A native of Augsburg, Germany, Boccia tells ThinkAdvisor that her longstanding concern about the Social Security program is more than professional. In fact, Boccia's focus on the key federal program can be traced back to her early time in the United States, when she worked as a home health aide for a young adult with disabilities, leveraging experience she gained while caring for her own mother in Germany.

“In addition to seeing the importance of stable, reliable support in the case of my own mother, the young adult I worked with here in the United States was a beneficiary of the Social Security disability insurance program,” Boccia explains. “The disability benefits were critical to their quality of life. So, this is not just an abstract topic for me. This is something that is very personal and which I take very seriously.”

## Runaway Debt

In a phrase, Boccia says she is “deeply concerned” for the future of Social Security and its millions of beneficiaries — and indeed for the future fiscal health of the federal government in general. However, this does not mean she simply wants to see more money thrown at the Social Security program. Quite the opposite, in fact.

“The Congressional Budget Office projects a bleak outlook for the U.S. federal government’s finances,” Boccia says. “Publicly held debt is projected to reach 110% of GDP over the next 10 years, the highest level ever, and to continue rising thereafter.”

According to Boccia, depending on what direction Congress takes with respect to current tax policies that will expire in 2025, publicly held debt could reach anywhere between 185% and 260% of GDP over the next 30-year projection period.

“No matter how you look at it, U.S. fiscal policy requires a substantial course correction to stabilize the rising debt,” Boccia says. “Today, rising spending is primarily driven by the major entitlement programs. Medicare and Social Security are the primary culprits, such that, in my view, benefit eligibility reforms are inevitable.”

Boccia argues that Social Security’s benefits are poorly targeted, paying the largest benefits to recipients who need them least. Furthermore, she suggests, the benefit formula is so complex that most Americans have little idea of what they can expect from the program, making it difficult for them to properly plan for retirement.

“Several program features further encourage early retirement and reduced labor force participation among Social Security beneficiaries,” she adds. “These harm the economy and beneficiaries alike.”

## Moving Away From Universal Coverage

Boccia believes Congress must modernize the Social Security program and ensure financial solvency without burdening younger generations with excessive taxes or debt. She says this is possible by better targeting Social Security benefits to those who need federal assistance — to those who cannot work due to disability or old age.

“The current universal coverage of Social Security is not sustainable under current and future demographic trends,” she warns. “A more targeted program would free up resources for working individuals to provide for more of their own retirement needs through private means.”

Boccia says Social Security has by degrees migrated away from its original goal of providing modest income support targeted toward individuals who live beyond the age of average life expectancy. The program is now viewed as a universal retirement paycheck program, which was never its intended purpose.

“Social Security today provides income support to practically all older Americans, regardless of need,” she says. “This makes Social Security an entitlement program, rather than an old-age poverty program.”